

The crisis of 1893 in the United States and the rather unfavorable condition of the money market in Germany had a reflex influence upon Austria which arrested her steps towards a gold basis and prevented any considerable increase in her gold fund during that year. The reappearance of a premium on gold, running from three to seven per cent., in paper money and bank notes, caused a deal of disappointment and much inquiry as to the reason. The critics of the government ascribed it to the attempt to convert the old five per cent. obligations into four per cents., which resulted in bringing back into Austria a large quantity of securities held abroad. It was calculated that the importations of securities during 1893 exceeded the exports by 114,690,000. florins (\$57,000,000).^{*} The Minister of Finance pointed out that this inward current was almost wholly in securities payable in silver and that it was necessary to cut the bond which nominally bound the two metals together in the Austrian currency system. A reason was found for the change in some quarters in the state of the money market at Berlin, which was swamped with South American and other securities of little value, which had absorbed the ready money of German capitalists. The Austrian securities were among the few of real value which were held in Germany, and money could be recovered at the smallest loss by returning them to Austria, whose people were buying their own securities at good prices. This tendency, though doubtless heightened in the case of Austria by the conversions and by the fear of payment in silver, only confirmed a principle which has become marked in recent years—that the securities issued by a solvent power tend, after their original placement, to return into the hands of its own people. This was observed in the United States in 1878, when it was estimated that five-sixth of the public debt had returned into the hands of Americans ; in France, after the great loans to pay the German war indemnity; and even in Italy, who originally paid two-thirds of her interest

¹ Neue Freie Presse, January i, 1894.